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TO AMEMBASSY MUSCAT IMMEDIATE

S E C R E T STATE 111835

E.O. 12958: DECL: 10/21/2033

TAGS: [PARM](#) [PREL](#) [IR](#) [MU](#)

SUBJECT: (S) SHIPMENT OF AMMONIUM NITRATE FROM IRAN

Classified By: ISN PDAS Patricia A. McNerney,
E.O. 12958 Reasons 1.4 (b), (c), and (d)

SUMMARY

¶1. (S//REL Oman) We have received information that Oman's Detonator Blasting and Contracting Company LLC purchased 400 metric tons of ammonium nitrate from the Iranian firm SAD Import and Export, a cover name used by Iran's Defense Industries Organization (DIO). Iran's Bank Saderat facilitated the transaction. DIO is designated under United Nations Security Council Resolution 1737 as an entity involved with Iran's ballistic missile program, making it subject to an asset freeze. Firms should not be doing business with DIO or any other UNSCR-designated Iranian entity, even if the transaction involves dual-use items intended for civilian end-users in Oman.

¶2. DIO was also designated under U.S. Executive Order (E.O.) 13382 on March 30, 2007, for engaging in activities that materially contributed to the development of Iran's nuclear and missile programs. Bank Saderat was designated on October 25, 2007, under E.O. 13224, for being used by the Government of Iran to channel funds to terrorist organizations, including Hizballah, Hamas, PFLP-GC, and Palestinian Islamic Jihad. Any entity in Oman's jurisdiction found to be providing or attempting to provide support to DIO or other entities designated under E.O. 13382 or E.O. 13224, or any entity that is owned or controlled by, or acting for or on behalf of DIO or Bank Saderat, may be subject to designation under these Executive Orders.

ACTION REQUEST

¶3. (S//REL Oman) Post is instructed to approach appropriate host-nation officials and request that they investigate this transfer. Post may draw from summary, objectives, or talking points/non-paper below, as appropriate.

OBJECTIVES

¶4. (S//REL Oman) In addition to asking that Omani officials investigate this transfer, Post should encourage Omani officials to engage Oman's business community and explain the restrictions -- due to implementation of UN sanctions -- of doing business with DIO or other Iranian entities designated by the UN Security Council for their involvement in Iran's nuclear or ballistic missile development efforts.

TALKING POINTS/NON-PAPER

¶5. (S//REL Oman) Begin points/non-paper:

-- We would like to bring to your attention a recent transaction involving an Omani entity and an Iranian firm designated under UN Security Council Resolution (UNSCR) 1737. Our information indicates that this transaction involved violations of the measures imposed in that resolution.

-- Specifically, Oman's Detonator Blasting and Contracting Company LLC (DBCC) purchased 400 metric tons of ammonium

nitrate porous prills from Iran's SAD Import and Export Company. SAD Import and Export is a name used by Iran's Defense Industries Organization (DIO). DIO is designated in the annex to UNSCR 1737 for its involvement in Iran's ballistic missile program.

-- Our information indicates that DBCC transferred 774,473 United Arab Emirate dirhams (AED) to SAD Import and Export. The money was first transferred to the Dubai, UAE branch of Iran's Bank Saderat, then transferred again to the Central Branch of Bank Saderat.

-- Ammonium nitrate has both civilian and military explosives uses, but is not controlled by any multilateral nonproliferation export control regime. However, as noted above, DIO is an entity designated as subject to targeted sanctions under UNSCR 1737. Paragraph 12 of UNSCR 1737 requires member states not only to freeze the economic assets of entities designated in the annex to the resolution, but also to ensure that no funds or other economic resources are provided to such entities by any individuals or entities within their territories. DBCC's transfer of funds to SAD Import and Export/DIO) regardless of the nature of the underlying transaction) constitutes a clear violation of paragraph 12 of UNSCR 1737.

-- Such transactions also provide Iranian military entities with a source of funding that could support additional Iranian military and WMD-related developments or procurements. Doing business with DIO also sends the wrong signal to Iran of "business as usual" at a time of increasing international concern over its nuclear program.

-- We would also note that DIO was also designated under U.S. Executive Order (E.O.) 13382 on March 30, 2007, for engaging in activities that materially contributed to the development of Iran's nuclear and missile programs. As a result of designation under this E.O., all of DIO's assets that are subject to U.S. jurisdiction are blocked and may not be transferred, withdrawn, or otherwise dealt in.

-- Firms in your jurisdiction risk designation under E.O. 13382 if they act or purport to act for or on behalf of, directly or indirectly, DIO or any other E.O. 13382 designated entity, and/or if they provide, or attempt to provide, financial, material, technological, or other support for, or goods or services in support of any designated entity.

-- We therefore request that you investigate this transfer, share with us the results of your investigation, and recommend that you take steps to ensure full compliance with UNSCR 1737 and prevent further transactions of this nature by Omani firms.

REPORTING DEADLINE

¶6. (U) Please report any substantive response by 3 November.

POINT OF CONTACT

¶7. (U) For follow-up information, please contact Mark Felipe, ISN/CPI, 202-647-5376, felipem2@state.gov.gov.

¶8. (U) Department thanks Post for its assistance. Please slug all responses for NEA, ISN, and T.
RICE

NNNN

End Cable Text